

CHAPTER 2 TRADE IN GOODS

Article 2.1 Definition and Interpretation

For the purposes of this Chapter, **applied MFN tariff rates** shall include in-quota rates, and shall refer to respective applied rate of the Republic of India and Malaysia as of 1 July 2008, except for products identified as Special Products in the Schedules of Tariff Commitments set out in Annex 2-1.

Article 2.2 Scope

Except as otherwise provided, this Chapter shall apply to trade in goods and all other matters relating thereto between the Parties.

Article 2.3 Classification of Goods

For the purposes of this Agreement, the classification of goods in trade between the countries of the Parties shall be in conformity with the Harmonized System.

Article 2.4 National Treatment on Internal Taxation and Regulations

Each Party shall accord national treatment to the goods of the other Party in accordance with Article III of GATT 1994, which shall apply, *mutatis mutandis*, to this Chapter.

Article 2.5 Tariff Reduction and Elimination

1. Except as otherwise provided for in this Chapter, each Party shall gradually liberalise, where applicable, applied MFN tariff rates on originating goods of the other Party in accordance with its Schedule of Tariff Commitments as set out in Annex 2-1.
2. Nothing in this Chapter shall preclude any Party from unilaterally accelerating the reduction and/or elimination of the applied MFN tariff rates on originating goods of the other Party as set out in its Schedule of Tariff Commitments in Annex 2-1.

Article 2.6
Customs Valuation

For the purposes of determining the customs value of goods traded between the countries of the Parties, provisions of Part I of the WTO Agreement on Implementation of Article VII of GATT 1994, as may be amended shall apply, *mutatis mutandis*, to this Agreement.

Article 2.7
Administrative Fees and Formalities

Each Party reaffirms its commitments under Article VIII.1 of GATT 1994.

Article 2.8
Rules of Origin

The Rules of Origin and Operational Certification Procedures applicable to the goods covered under this Chapter are set out in Chapter 3 (Rules of Origin) and its Annexes.

Article 2.9
Non-Tariff Measures

1. The Parties shall not institute or maintain any non-tariff measure on the importation of goods from the other Party or on the exportation or sale for export of goods destined for the territory of the other Party, except in accordance with its WTO rights and obligations or other provisions in this Agreement.
2. Each Party shall ensure the transparency of its non-tariff measures allowed under paragraph 1 of this Article and their full compliance with its obligations under the WTO Agreement with a view to minimising possible distortions to trade to the maximum extent possible.

Article 2.10
Modification of Concessions

1. The Parties shall not nullify or impair any of the concessions made by them under this Chapter, except as provided in the Agreement.
2. The Parties may, by negotiation and agreement, modify or withdraw any concession made under this Chapter. In such negotiations and agreement, which may include provision for compensatory adjustment with respect to other goods, the

Party concerned shall maintain a general level of reciprocal and mutually advantageous concessions not less favourable to trade than that provided in this Chapter prior to such agreement.

Article 2.11
Regional and Local Governments

In fulfilling its obligations and commitments under this Agreement, each Party shall, in accordance with the provisions of Article XXIV.12 of GATT 1994 and the Understanding on the Interpretation of Article XXIV of GATT 1994, take such reasonable measures as may be available to it to ensure observance by regional and local governments and authorities within its territory.

Article 2.12
Implementation

The Sub-Committee on Trade in Goods established under Article 15.2 (Sub-Committees) shall consider matters relating to the implementation of this Chapter.